



## Department Update

February 10, 2004

*Iowa's newest state agency is more than just a routine reshuffling of the deck—it is a fundamental change in the way state government conducts its internal business. As the Department of Administrative Services (DAS) continues to take shape, unregulated monopoly-like entities that formerly provided the infrastructure and facilities services inside state government are being replaced with customer-focused enterprises, accountable for achieving financial results in a competitive business environment. DAS is making its customers the drivers, empowering them to choose the products and services that best meet their needs. Doing that enables the DAS customers to better serve their customers—the citizens of Iowa.*

- 1. Why was the DAS established?** Governor Vilsack proposed the consolidation of state agencies into a new department in order to (1) Streamline government services; (2) Improve service to customers; (3) Save money; and (4) Enhance the use of state government resources.

The DAS combines the old departments of Personnel, General Services, Information Technology, and the Revenue and Finance Accounting Bureau into a single agency. They have been replaced by the Human Resources Enterprise (HRE), the General Services Enterprise (GSE), the Information Technology Enterprise (ITE), and the State Accounting Enterprise (SAE). A recap of the services and statutory responsibilities for these agencies follows the Q&A section of this document.

- 2. How does DAS change state government?** In addition to the consolidation, the DAS is implementing a new business approach known as entrepreneurial management, a customer-focused approach to delivering services in a *competitive marketplace*. This change reflects a growing trend in both public and private sectors of today's economy to *focus on the customer*. Successful and profitable enterprises are the ones that develop products or services that best meet customers' needs.

For entrepreneurial management, DAS services have been divided into three categories. Services for which it makes economic sense to have a single supplier for all users are *utilities*. Services for which customers have a choice of vendors (inside or outside state government) are *marketplace services*. Policy and regulation development areas are organized as *leadership services*.

To set service delivery rates and quality standards for utilities, *customer councils* have been established. Once the transition is complete, the Legislature's oversight role is to evaluate planning goals and financial results, leaving enterprise managers free to listen to their customers and make business decisions that best meet their customers' needs.

- 3. How does the DAS improve accountability for financial decisions?** When the DAS is fully operational, state agencies will know the real cost of the products and services they use. They can use this information to make better-informed buying decisions.

## What Does the Department of Administrative Services Do?

4. **Why does it make sense for the DAS to streamline?** The DAS will improve efficiency and quality of service in areas where there are multiple service providers within state government. Today there are six architectural services and contracting and construction oversight operations, four mail authorities, five fleet and fleet management operations, five printing authorities and ten purchasing authorities within state government.
5. **What is the DAS doing to improve services to customers?** Customer councils have made decisions about pricing and packages for utility services, and will provide ongoing input to their respective enterprises. Throughout the DAS, we are seeking customer input for both utility and marketplace services, using that input to shape an agenda for change to better meet customer needs.
6. **Will this change save money?** Governor Vilsack expects savings for two reasons: (1) Giving internal agencies more control over their consumption patterns and vendor selection makes them more cost conscious; and (2) Competition is motivating DAS enterprises to synergize their efforts, improve customer services, and lower costs. A state budget shortfall has already mandated spending cuts for DAS Enterprises far greater than the first-year savings typically generated by such a change. Additional savings may be realized once the transition to entrepreneurial management is complete.
7. **Why is the DAS requesting “start-up” capital?** In FY 2005, DAS will complete the transition to a new financing system in which its customers pay for the services they use. At that time, DAS will distribute to its customers the General Fund monies historically appropriated to the DAS; therefore those funds will not be immediately available to pay DAS expenses. The DAS is requesting a one-time appropriation of “start-up” or working capital to provide adequate cash flow for its business operations until customer payments are received.
8. **How will the DAS be financed once the transition is complete?** Marketplace and utility services are to be funded by payments made by the agency using the services. Leadership services will continue to be funded by a General Fund appropriation
9. **What progress has the DAS made since July 1, 2003?**
  - A new management team and organization structure have been activated.
  - A strategic plan for progress and performance measures have been developed.
  - DAS services have been inventoried and classified as utility, marketplace or leadership.
  - Ongoing communication with customer agencies has been established to provide information and ask for input.
  - Customer councils have been established for the General Services, Human Resources, and Information Technology enterprises. Each has approved rates for its respective utility services and is providing ongoing input.
  - Work continues to remodel the DAS billing system and to implement full accrual accounting.